

MEMORANDUM

TO: New Hires for the State of Michigan

FROM: Deferred Compensation/Defined Contribution Division

SUBJECT: Defined Contribution Retirement Plan Enrollment

Welcome to employment with the State of Michigan. As a State employee, you are eligible to participate in the State's 401(k) Defined Contribution Retirement Plan and the 457 Plan.

The Plans are administered by CitiStreet, a leading provider of pension savings plans in the United States. CitiStreet is responsible for plan administration, record keeping, customer service, education and communications.

In the Defined Contribution Plan, the State of Michigan makes contributions and you may make contributions to an account established in your name, from which you will draw retirement income. The contributions plus earnings will determine the amount of retirement income available to you.

Enrollment: Each pay period the State of Michigan provides new employee information to CitiStreet's participant database. New employees are identified and sent an Enrollment Kit and a Personal Identification Number (PIN) the pay period following employment. Upon receipt of this information from CitiStreet, you should contact CitiStreet by phone at the toll-free number (1-800-748-6128) or on the web site (<http://stateofmi.csplans.com>) to begin your employee contribution and choose your investment funds. Note that most transactions can be completed 24 hours a day.

Contributions: Your contribution to the Defined Contribution Retirement Plan II 401(k) is limited in 2003 to 90% of your gross income or \$12,000 whichever is less. The State of Michigan will automatically provide a mandatory base contribution of 4% of your state salary and will match dollar for dollar up to the first 3% contribution that you make to your 401(k) Defined Contribution Retirement Plan account. **To maximize the state dollar for dollar match (up to your first 3.0%), you need to contribute at least 3% of your eligible salary over each and every pay period without exceeding the annual IRS dollar limitations.**

You are also eligible to contribute \$12,000 in 2003 to the State's 457 Deferred Compensation Plan.

Vesting of Employer Contributions:

After 1 years of service	0% vested
After 2 years of service	50% vested
After 3 years of service	75% vested
After 4 years of service	100% vested

You are always 100% vested in any **employee** contributions you make to the Plan.

Investments:

All investment decisions are your responsibility. You can make your investment portfolio as simple or as diversified as you like. You will be able to choose from tiers of investment options that include low-cost core funds, three asset allocation funds, 12 pre-selected mutual funds, and a self-directed brokerage option (the Self-Managed Account) that provides access to thousands of mutual funds. Unless you direct your investments, all contributions will be invested in a money market fund. More detailed information is contained in CitiStreet's New Employee Enrollment Kit or online at <http://stateofmi.csplans.com>.

Educational Seminars:

Free educational seminars on the Defined Contribution and Deferred Compensation Plans are scheduled by the Department of Civil Service for employees during the year throughout the state. New participants are encouraged to attend these seminars to become better educated on the plans. For course and registration information, please contact your Human Resources office or the Department of Civil Service Human Resource Development Division at (517) 373-6499. Also see Training and Development at <http://www.michigan.gov/mdcs>. Additional courses on Basic Investments and Advanced Investing are also offered by the Department of Civil Service. Administrative leave is granted for attendance with prior approval. Please consult your Human Resources office.

Local CitiStreet Office:

Citistreet has a field office for walk-in clients. The office is located at the State of Michigan Secondary Complex, Government Office Building, 7150 Harris Drive, Dimondale, MI or phone (517) 636-6077. Contact this office if you have general plan, payout, or investment questions. For information specific to your account such as contribution rates, changing your investments, PIN numbers or forms, please call 1-800-748-6128 or visit the web site at <http://stateofmi.csplans.com>.

Quarterly Statements:

Quarterly statements will be mailed to your address to show your account activity, fund selection and balance for each respective quarter. With the statements you will also receive a newsletter containing valuable information about the plans and changes in laws that might affect you.

If you require additional information, please feel free to contact CitiStreet at 1-800-748-6128 or online at <http://stateofmi.csplans.com>.